

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 SSO-00 INRE-00 USIE-00 CCO-00
CIAE-00 OTPE-00 FCC-01 INR-07 NSAE-00 OC-06 COME-00
BIB-01 PM-04 TRSE-00 OMB-01 L-03 SS-15 NSC-05 SP-02
NSCE-00 /066 W

-----111813Z 128055 /47

O 111731Z MAR 77

FM AMEMBASSY BONN

TO SECSTATE WASHDC IMMEDIATE 6432

INFO CINC USAREUR HEIDELBERG IMMEDIATE

CINC EUR VAHINGEN IMMEDIATE

DOD WASHDC IMMEDIATE

C O N F I D E N T I A L SECTION 01 OF 02 BONN 04451

E.O. 11652: GDS

TAGS: ETEL, MPOL, GW, US

SUBJECT: PROCUREMENT OF TELEPHONE EQUIPMENT FOR
US FORCES EUROPE

REF: BONN 4135

SUMMARY: EMB UNDERSTANDS THAT SUBJECT \$100 MILLION
PROJECT MAY WELL BE DISCUSSED BY DEFENSE SECRETARY
BROWN AND MINISTER LEBER AT THEIR MEETING MARCH 15. IN
VIEW OF POLITICAL/ECONOMIC CONSIDERATIONS INVOLVED,
AND US FORCES AGREEMENT WITH NATO SENDING STATES FORCES
THAT US IS UNDER NO TREATY OBLIGATION TO INSTALL ONLY
GERMAN TELEPHONE EQUIPMENT, EMB RECOMMENDS THAT THE
DEPT ENSURE THAT ALL ASPECTS OF THIS MATTER, INCLUDING
INTERRELATIONSHIP TO OTHER US OBJECTIVES (AWACS,
STANDARDIZATION, SPECIALIZATION) HAVE

RECEIVED COORDINATED CONSIDERATION BEFORE FINAL
DECISION ON TYPE OF EQUIPMENT TO BE PROCURED IS MADE
AND COMMUNICATED TO GERMANS. END SUMMARY
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1. EMB UNDERSTANDS THAT ORIGIN OF EQUIPMENT AND
INSTALLATION PERSONNEL FOR NEW TELEPHONE EQUIPMENT
FOR EUROPEAN TELEPHONE SYSTEM IN FRG HAS BEEN UNDER
DISCUSSION BETWEEN US FORCES IN FRG AND FEDERAL POSTAL
MINISTRY FOR SOME TIME. PROJECT WILL REQUIRE PERIOD
OF SEVERAL YEARS AND WILL INVOLVE EXPENDITURE OF

APPROXIMATELY \$100 MILLION.

2. FRG POSTAL MINISTRY CLAIMS THAT ARTICLE 60(7) OF NATO SOFA SUPPLEMENTARY AGREEMENT WITH FRG (SA), DESPITE ARTICLE 60(4)(A), PROVIDED FOR INTER-CONNECTION OF ONLY SUCH NON-GERMAN TELEPHONE EQUIPMENT AS WAS INSTALLED WITHIN US MILITARY INSTALLATIONS AT TIME SA CAME INTO FORCE AND THAT NO SUBSEQUENT AUTHORITY EXISTS FOR STATIONED FORCES TO CONNECT NON-GERMAN EQUIPMENT TO GERMAN EQUIPMENT. FRG ADDITIONALLY CLAIMS THAT US EQUIPMENT, SIMILAR TO THAT LONG USED HERE, IS NOT TECHNICALLY AND OPERATIONALLY COMPATIBLE WITHIN MEANING OF THOSE TERMS IN ARTICLE 60(7) WITH GERMAN EQUIPMENT AND LINES LOCATED OUTSIDE OF US MILITARY INSTALLATIONS WHICH IS USED TO CONNECT SUCH INSTALLATIONS.

3. US LEGAL EXPERTS HERE DISAGREE WITH GERMAN INTERPRETATION OF ABOVE-MENTIONED PROVISIONS, ARGUING THAT ARTICLE 60(7) OF SA IMPOSES REQUIREMENT FOR TECHNICAL AND OPERATIONAL COMPATIBILITY ONLY ON NON-GERMAN TELEPHONE EQUIPMENT INSTALLED AFTER SA CAME INTO FORCE, INCLUDING PROPOSED EQUIPMENT FOR ETS TO BE INSTALLED IN FRG. MOREOVER, WE THINK THAT US EQUIPMENT IS, OR CAN BE MADE TO BE, FULLY COMPATIBLE.

4. WE UNDERSTAND THAT FRG MINISTER OF DEFENSE LEBER IN DECEMBER LETTER TO SECRETARY OF DEFENSE RUMSFELD
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INFORMED LATTER OF REQUIREMENT THAT ONLY GERMAN EQUIPMENT BE USED FOR ETS WITHIN FRG. LEBER RECEIVED

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DOD WASHDC IMMEDIATE

C O N F I D E N T I A L SECTION 02 OF 02 BONN 04451

A REPLY LETTER FROM SECRETARY OF DEFENSE THAT US WOULD
BE INVITING INTERNATIONAL BIDDING FOR THIS PROJECT.
LEBER RESPONDED IN A SECOND LETTER ON THIS SUBJECT
REQUESTING THAT THE INVITATION OF BIDS BE DELAYED AND
THAT MATTER SHOULD BE DISCUSSED. MOST RECENT LETTER
APPEARS TO BE FROM DEPUTY SECRETARY OF DEFENSE DUNCAN
TO LEBER DATED MARCH 2, 1977. EMB HAS RECEIVED ONLY
PARTIAL INFORMATION ABOUT EXCHANGE OF CORRESPONDENCE.
EMB CONSIDERS IT POSSIBLE THAT THIS QUESTION WILL
ARISE DURING MEETINGS BETWEEN MINISTER LEBER AND
SECRETARY BROWN SCHEDULED FOR MARCH 15.

5. EMB IS CONCERNED THAT NEITHER THE LEGAL NOR
POLITICAL/ECONOMIC CONSIDERATIONS RELEVANT TO THIS
MATTER MAY HAVE BEEN SUFFICIENTLY CONSIDERED IN PREPARATION
FOR POSSIBLE DISCUSSION THIS MATTER AT MARCH 15 MEETING.
MOREOVER, DEPT SHOULD BE AWARE THAT US FORCES HAVE
DISCUSSED THIS MATTER WITH OTHER NATO SENDING STATES
HAVING FORCES STATIONED IN FRG.
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6. WHILE UK DECIDED SOME TIME AGO TO PURCHASE GERMAN
TELEPHONE EQUIPMENT TO REPLACE EXISTING EQUIPMENT,
THIS WAS DONE WITHOUT EXAMINATION OF LEGAL SITUATION
OR ACQUIESCENCE IN PRESENT FRG LEGAL POSITION. UK
MILITARY AUTHORITIES ARE DISSATISFIED WITH FACT THAT
ON-GOING INSTALLATION OF GERMAN PHONE EQUIPMENT BY
GERMAN TECHNICIANS PERIODICALLY IS SUBJECT, UNDER
GERMAN REGULATIONS, TO SUBSTANTIAL INCREASES IN COSTS
OVER THOSE ORIGINALLY ANTICIPATED. UK AND OTHER
SENDING STATE REPRESENTATIVES HAVE AGREED WITH US
FORCES THAT ABOVE-MENTIONED PROVISIONS OF SA DO NOT
RPT NOT IMPOSE OBLIGATION ON SENDING STATE FORCES TO
PURCHASE, INSTALL AND OPERATE GERMAN EQUIPMENT

SUBJECT TO GERMAN REGULATIONS SO LONG AS NON-GERMAN EQUIPMENT COMPLIES WITH TECHNICAL AND OPERATIONAL CAPABILITY REQUIREMENT AT POINT OF INTER-CONNECTION WITH GERMAN OFF-BASE LINES AND EQUIPMENT. IN VIEW OF COORDINATION WITH OTHER NATO SENDING STATES, ANY POSSIBLE US POLITICAL DECISION CONCERNING THIS MATTER WITH FRG HAS IMPLICATIONS FOR THOSE SENDING STATES.

7. US INTENTION TO INVITE INTERNATIONAL BIDDING FOR THIS EQUIPMENT AND ITS INSTALLATION HAS BEEN WITH FAIR EXPECTATION THAT US FIRMS WOULD BE FULLY COMPETITIVE, WHILE EXPERIENCE SHOWS THAT COST MAKES GERMAN EQUIPMENT NON-COMPETITIVE. EMB CONSIDERS IT ENTIRELY POSSIBLE THAT TENUOUS GERMAN LEGAL ARGUMENTS ARE FRG PRETEXT FOR SEEKING TO DISQUALIFY NON-GERMAN FIRMS FROM THIS PROJECT.

8. EMB BELIEVES THAT FINAL DECISION ON TYPE OF EQUIPMENT INSTALLED MAY HAVE AT LEAST SOME IMPLICATIONS ALSO FOR ULTIMATE OUTCOME OF US/FRG DELIBERATIONS ON HANDLING OF RESIDUAL VALUE QUESTION. THIS IS SO AS ULTIMATE US VACATING OF MILITARY FACILITIES IN FRG
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LEAVING BEHIND GERMAN TELEPHONE EQUIPMENT WOULD BE SEEN BY GERMANS AS VERY DIFFERENT SITUATION FROM VACATING OF THOSE INSTALLATIONS WITH EITHER US EQUIPMENT LEFT BEHIND OR REMOVED.

9. IN VIEW OF UPCOMING MARCH 15 MEETING BETWEEN BROWN AND LEBER, EMB RECOMMENDS THAT THE DEPT SEEK TO ENSURE THAT BEFORE ANY DECISION IS MADE BY SECRETARY BROWN, ALL ASPECTS OF THIS AND INTERRELATED MATTERS (AWACS, STANDARDIZATION, SPECIALIZATION) HAVE RECEIVED COORDINATED CONSIDERATION.
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